

SERVICE DELIVERY : INFRASTRUCTURE		CONSTRUCTION OF AFFORDABLE HOUSING PROJECTS												
DP/KPA	KPI	Project Description	Backlog	Budget	Annual Target	Wards	TARGETS					PROGRESS AGAINST TARGETS	RATE	CORRECTIVE MEASURE
							80-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10		Q4	03-Jan-10	
		Steadville Area H	477		Completion of 15% of the project once discussions are completed	9	5%	10%	15%			Project terminated, Project possibly to be used for LED purposes		Report to be submitted to Council
		Upgrading of Steadville hostel & Nurses Home	96	R 2 194 294.74	70% of the project is complete	21	10%	20%	20%	20%		Project terminated, project possibly to be used for LED purposes		Report to be submitted to Council
		Database: Waiting List	To be established	R 0.00	quarterly completion of the Data base is done : 100%	all	25%	25%	25%	25%		Ongoing		Done
		Database: Informal Resident	n/a	R 0.00	Updating information on informal resident in need of provision for housing: 100%	all	25%	25%	25%	25%		Ongoing		Done
		Disposal of staff houses	n/a	R 0.00	Transfer of all staff houses finalised: 100%	cbd	25%	25%	25%	25%		No information available		Report to be submitted to Council

#### Management response: Human Settlement

The draft performance report submitted to the AG did not have the KPA and KPI as outlined in the SDBIP and Individual Performance Plans, however, the column on project description mentioned above, were placed on the columns set for KPI's in the Annual Performance Report. The final, correct and acceptable performance template as outlined above will be tabled to council for adoption in terms of the MFMA section 126 and MSA section 46, the Public, Department of COGTA and the AG will reflect as outlined above in the Final Draft of the Annual report. Lastly, the construction of the above housing projects is the core function of the Provincial Department of Human Settlements the role of the Municipality is minimal to an implementing agent.

SERVICE DELIVERY INFRASTRUCTURE
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Budget (R'000)	Key Performance Indicator	Programme/Project	Background	Budget	Annual Performance Target (KPI and measurement)	Ward Number	Quarterly Target	Progress Against Targets	Rate	Comments
							30-Sep-09	31-Mar-10	30-Jun-10	
Infrastructure Development	To undertake the planning studies to regenerate Ezakheni (commercial node)	Neighbourhood Grant	No major commercial centers at Ezakheni	R 700 000.00	Drafting and approval of a business plan by council	Ezakheni	Terms of reference	Business plan approved by NT		More detailed studies still to be undertaken
Infrastructure Development	To construct a weighbridge to and to generate income and comply with legislation	Weighbridge	No income was generated from public disposing waste at the landfill site.	R 573 990.00	To construct a Weighbridge: 100%	Acadavale Landfill Site	2%	10%	100%	Awaiting business plan approval by NT and project plans
Cleaning of excesses in the drainage causing flooding of houses, roads and comply with DMPP	To identify river restriction and soil deposition in the river	Sand Mining	None	None	Remove 6000 cubic meters of sand p/a	Gedus Rd Dam/Steedsdille	2000 cubic meters of sand	2000 cubic meters of sand	7000 cubic meters have been removed	To be connected to the SAMFAS systems
Promotion of sports in our Municipality: through infrastructure development	To rehabilitate and maintain Municipal Sports facilities	Limit Hill Sports Field	Derelictated infrastructural buildings	None	Construction 100%	Limit Hill	10%	20%	40%	Meetings are held on regular basis to ensure the performance of contractors
Infrastructure Development	To construct drainage to prevent flooding	Storm water drains in Steedsdille	Current drains are ill-fitted	None	100% project complete	Steedsdille	10%	50%	100%	Project on schedule, filling of the abutment facilities
Promotion of sports in our Municipality: through infrastructure development	To provide technical expertise in the construction and project management	Department of Sports and Recreation: Combi courts, crickets and extending soccer fields/fencing	Not quantified	None	Provide 100% support to ensure the completion of the projects	Ezakheni	2%	5%	10%	To complete the project by 30th December 2010
Improve infrastructure and the beautification of the CBD	To provide technical expertise in the construction and project management of the small town (rehabilitation grant and implement departmental projects)	SWALL TOWN REGENERATION STUDY: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of three	R14.1 million	None	Provide 100% support to the client department	CBD			100% budget expenditure	Preliminary investigations. Work in progress
									95%	The construction of the trading stalls is to be completed by 31 December 2010

## Management Response : Engineering Department

The report submitted above is provided to provide palpable information on the KPI queried by the AG. However, the KPA, KPI and Project has been placed in the correct column whilst the Report audited by the AG had the Projects placed under KPI columns. The final correct and acceptable performance template as outlined above which will be submitted to council for adoption, the Public, Department of COGTA and the AG will reflect as outlined above in the Final Draft of the Annual report. Lastly, the construction of the above housing projects is the core function of the Provincial Department of Human Settlements.

The report to be submitted in terms of section 49.1 (c) of the Systems Act, as amended. The issues raised by the AG have identified an omissions which has been rectified prior to tabling of the report to council, the public, Department of COGTA, National Treasury for comments.

## 2. Measurability of targets (EX.12)

### Audit Finding

Regulation 12(2) of the Municipal Planning and Performance Management Regulations requires that performance targets must:

- be practical and realistic;
- measure the efficiency, effectiveness, quality and impact of the performance of the municipality, administrative component, structure, body or person for whom a target has been set;
- be commensurate with available resources;
- be commensurate with the municipality's capacity; and
- be consistent with the development priorities and objectives set out in its IDP.

The following targets as reported in the Annual Performance Report submitted for audit are not specific:

Performance Indicator	Target
<b>Engineering</b>	
To construct a Vehicular bridge linking Baldaskraal and Lucitania	70%
To construct a Vehicular/Pedestrian Bridge across Mbababantu River	100%
To construct a Pedestrian Bridge linking Ezakheni and Esidakeni	70%
Dept of Sport & Recreation	Assisting Client Departments in implementing projects
SMALL TOWN REGENERATION STUDY: Surveillance	Assisting client departments in



Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of three town entrances and Wimpy, Sondela Parks	Implementing projects
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DEPARTMENT: ENGINEERING												
Budget KPA	Key Performance Indicators	Programme/Project	Budget	Annual Performance Target (KPI) and Measures	Ward Number	QUARTERLY TARGETS				PROGRESS AGAINST TARGET	RATE	COMMENTS
						30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10			
INFRASTRUCTURE DEVELOPMENT	To construct Vehicular Bridge (Planning)	MIG PROJECT: Construction of a Vehicular Bridge Baldaskraal to Luchania	No bridge in place to link Luchania	70% to complete the planning process: EIA, Geotech designs	Baldaskraal / Luchania	10%	10%	50%	70% to complete the planning studies	15% project in process	👍	To speed up EIA approval
	To construct Pedestrian Bridge (Planning)	MIG Project: Pedestrian Bridge: Ezakheni to Ezidakeni	No bridge in place to link Ezakheni to Ezidakeni	Planning of project.	Ezakheni / Ezidakeni	10%	10%	50%	70% to complete the project planning studies	20% complete	👍	EIA has been registered and awaiting approval.
	To construct Road to the bridge	MIG Project: Pedestrian / Vehicular Bridge across Mbabantu River	No bridge across Mbabantu	Completion of bridge.	Mbabantu	50%	30%	20%	100% to complete the project	100% completed	👍	Work is completed
	To provide technical expertise in the construction and project management	Department of Sports and Recreation: Combl extending soccer field/tennis	Not quantified	Provide 100% support to ensure the completion of the projects	Ezakheni	2%	5%	10%	40%	30%	👍	Preliminary investigations. Work in progress
Fromotion of sports in our Municipality through Infrastructure	To provide technical expertise in the construction and project management	SMALL TOWN REGENERATION STUDY: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of three	None	Provide 100% support to the client department	CBD			100% budget expenditure		95%	👍	The construction of the trading stalls is to be completed by 31 December 2010

### Management Response:

The above template has provided a palpable clarity on the formulation of the municipal targets which are specific, measurable and time bound, the issues raised by the AG has been considered and the template has been rectified in terms of the original plan as captured in the SDBIP and Manager's Performance Plans by providing additional information to for ease of reference, the annual report will reflect on the additional information as captured above.

1. Specific : targets are focusing on a particular specific KPI are reviewed annually
2. Measureable: The targets can be measured using a rating scale, using paragraph 27 of the 2006 regulation.
3. Time bound: The targets are based on an annual target which are spread on quarterly basis, the above regulation provides for the setting of annual report and reviewed on a quarterly bases, as such every target set by the Municipality cannot be perpetual. The above report provides the Quarterly targets that are approved by council

The following targets as reported in the Annual Performance Report submitted for audit are not measurable:

Performance indicator	Target
Engineering	
Dept of Sport & Recreation	Assisting Client Departments in implementing projects
SMALL TOWN REGENERATION STUDY: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of three town entrances and Wimpy, Sondela Parks	Assisting Client Departments in implementing projects

### Management Response

DEPARTMENT: ENGINEERING												
Budget KPA	Key Performance Indicators	Programme/Project	Backlogs	Budget	Annual Performance Target (KPI and achievement)	Work Number	QUARTERLY TARGETS			PROGRESS AGAINST TARGET	RATE	COMMENTS
							30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10		
Promotion of sports in our Municipality through infrastructure	To provide technical expertise in the construction and project management	Department of Sports and Recreation: Combining courts, cricket nets and extending soccer field/fencing	Not quantified	None	Provide 100% support to ensure the completion of the projects	Enkhien	2%	5%	10%	40% 30%	👍	Preliminary Investigations Work in progress
Improve infrastructure and the management of the small town rehabilitation grant and implement departmental projects of the CBD	To provide technical expertise in the construction and project management of the small town rehabilitation grant and implement departmental projects of the CBD	SMALL TOWN REGENERATION STUDY: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of thraee	Rt4.1 million	None	Provide 100% support to the client department	CBD			100% budget expenditure	95%	👍	The construction of the trading stalls is to be completed by December 2010

The measurable : The above provides a palpable additional wording in the formulation of targets. The targets are measured using a rating scale and evidence to support achievement can be made available by client departments and audited by the AG's office. The use of rating scale is allowed in terms of the Local Government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006, paragraph 27.

The following targets as reported in the Annual Performance Report submitted for audit are not time-bound:

Performance Indicator	Target
<b>Engineering</b>	
To construct a Vehicular bridge linking Hoboland and Peacetown	Planning of project
Dept of Sport & Recreation	Assisting Client Departments in implementing projects
SMALL TOWN REGENERATION STUDY: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of three town entrances and Wimpy, Sondela Parks	Assisting Client Departments in implementing projects



## Management Response

DEPARTMENT: ENGINEERING										
Budget (R'A)	Key Performance Indicators	Programme/Project	Estimate	Budget	Annual Performance Target (KPI and measurement)	Ward Number	QUARTERLY TARGETS			
							30-Sep-09	31-Dec-09	30-Jun-10	01-Jul-09
Promotion of sports in our Municipality through Infrastructure development	To provide technical expertise in the construction and project management	Department of Sports and Recreation: Combined courts, crickets and soccer field/fencing	Not quantified	None	Provide 100% support to ensure the completion of the projects	Ezakweni	2%	5%	10%	40% 30%
Improve Infrastructure and the beautification of the CBD	To provide technical expertise in the construction and project management of the small town	SMALL TOWN REGENERATION STUDY: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of trees	R14.1 million	None	Provide 100% support to the client department	CBD		100% budget expenditure	95%	The construction of the trading stalls is to be completed by 31 December 2010
Infrastructure Development	To construct Vehicular Bridge (Planning)	MIG PROJECT: Construction of a Vehicular Bridge Hobland to Peacetown	No bridge to link Hobland and Peacetown	R 250 000.00	Planning Processes complete: EIA, Geotech and Designs : 15% of the project complete	Hobland / Peacetown		5%	5%	Planning Complete

The above targets are set against quarterly targets as outlined against the project monthly reports and quarterly reports to Management and Exco . The achievement of the targets are based on the annual targets set in the SDBIP and Performance Plans of the Head of Department. The target are annual targets as per legislation and reviewed on quarterly bases. The issues raised by the AG has been considered and the Annual Report will reflect the additional information prior to submission to council, the public, department of COGTA and National Treasury for comments. The measurement of the set target as outlined above are measured using the rating scale as per paragraph 27 of the 2006 regulation.

The following targets as reported in the Annual Performance Report submitted for audit are not specific, measurable or time-bound:

Performance Indicator	Target
Human settlement	
Limit Hill Housing scheme	Processing of transfers
Steadville Area J	Awaiting close-out report

Steadville Area E	Awaiting approval of escalation
Steadville Area H	Matter under discussion
Umbulwane Phase 1&2 housing scheme	Awaiting response
Ezakheni DD section housing scheme	None
Hobsland housing scheme	None

**Management Response:**



Construction of housing is the core function of the Provincial Department of human settlement, hence the Municipality's role is limited to that of an implementing agent. The set targets as provided above are commensurate and specific, measurable and time bound according to the powers and roles of the Municipality in the provision of housing. The developers and in consultation with the Provincial Department of Human Settlement is expected to provide a close out report, and that is a set target to be achieved where a project was done and no close-out was ever compiled. The delay in the close-out report causes further delay in the handing over of the projects to relevant stake-holders such as the function of water and sewer in those projects. The set target can be measured and reviewed on quarterly bases though the core function remains with the Provincial Department of Human Settlement. The issues raised by the AG has been considered, hence the above template provides additional information to provide the Municipal capacity to measure the targets, and the set quarterly targets and reports can be reviewed as per the PMS Framework Policy.

Name: Siza Sibande  
Position: Manager : PMS  
Date: 16 November 2010

**PERFORMANCE AUDIT COMMITTEE REPORT 2009/2010**  
**REPORT TO THE EMNAMBITHI-LADYSMITH MUNICIPALITY**

**1. LEGAL MANDATE**

In terms of Local Government: Municipal Planning and Performance Regulation, 2001 paragraph 14 (4) (a) (iii), the Performance Audit Committee must at least twice during the year submit an audit report to the municipal council concerned.

**2. COMPOSITION OF THE COMMITTEE**

The following Audit Committee members were appointed to serve in the Emnambithi-Ladysmith Municipality as per the Local Government Municipal Planning and Performance Regulation.

Mr. TP Kunene (Chairperson)  
Mr. CJ Rautenbach  
Mr. HPH Kubheka

**3. ALIGNMENT**

The Emnambithi-Ladysmith Municipal Performance Management System specify objectives and targets defined and agreed upon aligned with the integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the budget of the municipality.

**4. FUNCTIONS OF THE COMMITTEE**

The Government: Municipal Planning and Performance Regulation, 2001 section 14(4)

A Performance Audit Committee must:-

Review the quarterly reports submitted to it in terms of sub-regulation (1) (c) (ii);

Review the municipality's performance management system and make recommendation in this regard to the council of that municipality; and  
At least twice during a financial year submit an audit report to the municipal council concerned.

**5. ACTIVITIES OF THE COMMITTEE**

**5.1 MEETINGS**

The legislation required that the Committee meet four times a year. The Committee has integrated its activities with the Audit Charter of the Municipality and meetings were held on the under-mentioned dates:

01 July 2009

29 October 2009

03 November 2009

09 November 2009

18 January 2010

23 April 2010

09 July 2010

## 5.2 OBSERVATIONS

The PMS was successfully implemented in the year under review.

The Performance Management Framework Policy was officially reviewed and adopted by Council.

All heads of Departments had signed and concluded their Performance Agreements and Plans

Performance review did involve the participation of ward committees during the annual/mid-year report and the approval of the Performance Policy Framework and Organizational Scorecard.

The Performance Evaluation Committees were approved by Council.

## 5.3 EVALUATION OF PERFORMANCE

The evaluation of performances highlighted in a number of instances, that the non-achievement of annual targets were caused mainly as a result of the lack of skilled/semi skilled staff.


Provision has been made on the staff structure for additional positions to rectify the situation but it would appear that the Municipality is unable to attract skilled/semi skilled people because of the salaries offered.

## 6. RECOMMENDATIONS

In order to rectify the situation it is suggested that the salary structure be revised where and if possible, failing which the annual targets be reconsidered in those cases and be re-aligned with the available resources.

## CONCLUSION

In conclusion, the activities undertaken to date were in line with the legislative imperatives imposed on the PAC. Reviews of reports as well as the Municipality's performance were assessed in the most objective way. The PAC thanks the Municipal Manager, Internal Audit and the Heads of Departments for their co-operation.

  
.....  
Mr. TP Kunene  
Chairperson  
Performance Audit Committee

30/08/2010  
.....  
Date



**EMNAMBITHI/LADYSMITH MUNICIPALITY**  
**AUDIT COMMITTEE REPORT 2009/10**

***Report of the Audit committee***

We are pleased to present our report for the financial year ended 30 June 2010

***Audit committee members and attendance***

During the year under review, Mr Jordan resigned on 24 August 2009. Mr Kean was appointed to fill the vacancy on 11<sup>th</sup> February 2010. Mr Gard was appointed Chairman on the same date. Mrs de Franca Smith and Mr Gard served throughout the year.

<b><i>Committee member</i></b>	<b><i>Meetings Potential</i></b>	<b><i>Meetings Attended</i></b>
Mrs E de Franca Smith	7	7
Mr G. C. H. Gard	7	7
Mr P. Kean	2	2

The Committee are pleased to report that the Municipal Manager and Council sanctioned monthly committee meetings for 2010 in lieu of quarterly meetings in earlier years. This improved considerably both scope and impact the Audit Committee has brought to bear on financial and allied Council matters. A most welcome improvement as 4 meetings annually cannot deal adequately with the full range of Council financial matters.

***Report of the Auditor General***

A much improved report for 2009/10 free of qualifications, compared with 3 qualifications for the previous year 2008/09.

The Management report listed '16 Important matters or matters affecting the Auditor's report'. Much hard work will be required by senior Municipal staff involved in financial control, performance, information systems and governance before the ideal sought by Council of 'A clean audit report' can be earned. Not only must each matter be rectified but the principles giving rise to each error must be corrected throughout.

Each year the Auditor General increases the scope of his audit and the strictness of his scrutiny. Financial and Performance senior staff will need to keep many steps ahead to earn this 'clean audit report'.

The Council authorised the use of external consultants 'Deloitte & Touche' during 2009/10 to assist financial staff to implement GRAP standards for the control of municipal assets.

### ***Effectiveness of internal control***

The Audit Committee welcomed the appointment of Mrs S Mahraj as Chief Internal Auditor on 1<sup>st</sup> September 2010. A key requirement of the Audit Committee is a strong internal audit section.

Eight of the audit report 'Matters of emphasis' raised by Auditor General were classed as 'Internal Control weaknesses'. Relevant internal controls need to be strengthened then audited by our internal audit staff.

### ***Audit Committee responsibility***

The Audit Committee reports that it has complied with its responsibilities as far as practically possible, arising from Section 166 (2) of MFMA No 56 of 2003. Performance oversight is excluded as there is an independent Performance Audit Committee. The Audit committee charter is being amended accordingly. The Audit Committee reports that it has adopted formal terms of reference as its charter, regulates its affairs in compliance with the charter and has discharged as practically as possible, all its responsibilities as contained therein.

### ***Risk Assessment/Management and Fraud Prevention Strategy***

'Risk' is a primary concern of the Audit Committee. The appointment by Council during the year of a full time Risk Officer Mr N. Zuma, will make a significant improvement to this function. A clear plan has been adopted and progressive implementation is expected in future months.

*Quality of management and monthly/quarterly reports*

Senior Financial management has been strengthened by the recent key appointment of an Executive Manager - Finance (CFO) M/s Ngwenya.

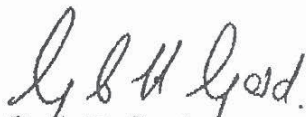
This welcome appointment is expected to further improve financial control of the Municipality.

Monthly financial reports are currently presented to the Public Accounts Committee and supplied to the Audit Committee. We look forward to production of full half yearly then quarterly financial accounts.

*Evaluation of Financial Statements*

A pleasing earlier than usual completion of 2009/10 annual financial accounts enabled the Audit Committee to make a detailed evaluation and add comments prior to their issue to the Auditor General.

The Audit Committee has reviewed the Auditor General's management letter and concurs with the conclusions. The Committee is of the opinion that 2009/10 annual financial statements should be accepted together with the report of the Auditor General.



G. C. H. Gard  
Chairman  
Audit Committee

13<sup>th</sup> December 2010